

SPOKANE COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
Spokane County, Washington
January 1, 1990 Through December 31, 1992

Schedule Of Findings - Irvin Water District No. 6

1. Irvin Water District No. 6 Should Pay Claims Against The District By Warrant

District commissioners increased the district's revolving checking account from \$5,000 to \$10,000 by Resolution 93-4. The revolving fund is used to pay most claims against the district.

RCW 57.20.140, Maintenance or general fund and special funds, states:

. . . the county treasurer shall create and maintain a separate fund designated as the maintenance fund or general fund of the district into which shall be paid all money received by him from the collection of taxes other than taxes levied for the payment of general obligation bonds of the district and all revenues of the district other than assessments levied in local improvement districts or utility local improvement districts, and no money shall be disbursed therefrom except upon warrants of the county auditor issued by authority of the commissioners or upon a resolution of the commissioners ordering a transfer to any other fund of the district.

Authority for the district to hold public moneys in an account in its own name is granted by the State Auditor. In the *Budgeting, Accounting and Reporting System (BARS)* manual, Volume I, Part 3, Chapter 3, page 23, the State Auditor states:

For the purpose of the BAR System, Petty Cash includes change funds, working funds, revolving, advance travel, stamp funds, etc.; in other words, any sum of money or other resources set aside for such specific purposes as minor disbursements, making change, and similar uses.

A large revolving account such as the one established by the district to pay the costs of operations and maintenance, unless specifically authorized by statute, circumvents the intent of the state legislative branch that public moneys received by special purpose districts be held by the county treasurer and disbursed by warrants of the county auditor.

The district established the revolving account because they feel the use of a checking account to make disbursements is more economical and more efficient than using the county auditor's voucher system.

We recommend the district comply with the provisions of RCW 57.20.140 by using the county auditor's warrants to pay claims against the district. We further recommend the district reduce the balance of its revolving petty cash account to an amount that is more consistent with the concept of minor disbursements.

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Schedule Of Findings - Valley Of The Horses Water District No. 12

1. Valley Of The Horses Water District No. 12 Should Deposit Moneys Collected Or Received On A Timely Basis

The district's utility collections for January 1990 through December 1992 were not deposited with the county treasurer as required by statutes. The average deposit was made once every one and one-half months.

Article XI, Section 15 of the Washington State Constitution states:

DEPOSITS OF PUBLIC FUNDS. All moneys, assessments and taxes belonging to or collected for the use of any county, city, town or other public or municipal corporation, coming into the hands of any officer thereof, shall immediately be deposited with the treasurer, or other legal depositary to the credit of such city, town, or other corporation respectively, for the benefit of the funds to which they belong.

When collections are not deposited promptly, the district's funds are not available for investment or payment of claims. Further, failure to deposit promptly increases the risk of loss or misuse.

The district was unaware of the requirement to make deposits immediately.

We recommend the district deposit utility collections and other moneys received promptly and intact with the Spokane County Treasurer.

SPOKANE COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
Spokane County, Washington
January 1, 1990 Through December 31, 1992

Schedule Of Findings - Hangman Hills Water District No. 15

1. Hangman Hills Water District No. 15 Should Pay Claims Against The District By Warrant

District commissioners increased the district's revolving checking account to \$3,000 by Resolution 92-07-01 dated July 16, 1992. The revolving fund is used to pay most claims against the district.

RCW 57.20.140, Maintenance or general fund and special funds, states in part:

. . . the county treasurer shall create and maintain a separate fund designated as the maintenance fund or general fund of the district into which shall be paid all money received by him from the collection of taxes other than taxes levied for the payment of general obligation bonds of the district and all revenues of the district other than assessments levied in local improvement districts or utility local improvement districts, and no money shall be disbursed therefrom except upon warrants of the county auditor issued by authority of the commissioners or upon a resolution of the commissioners ordering a transfer to any other fund of the district.

Authority for the district to hold public moneys in an account in its own name is granted by the State Auditor. In *Budgeting, Accounting and Reporting System* (BARS) manual, Volume I, Part 3, Chapter 3, page 23, the State Auditor states:

For the purpose of the BAR System, Petty Cash includes change funds, working funds, revolving, advance travel, stamp funds, etc.; in other words, any sum of money or other resources set aside for such specific purposes as minor disbursements, making change, and similar uses.

A large revolving account such as the one established by the district to pay the costs of operations and maintenance, unless specifically authorized by statute, circumvents the intent of the state legislative branch that public moneys received by special purpose districts be held by the county treasurer and disbursed by warrants of the county auditor.

The district established the revolving account because they feel the use of a checking account to make disbursements is more economical and more efficient than using the county auditor's voucher system.

We recommend the district comply with the provisions of RCW 57.20.140 by using the county auditor's warrants to pay claims against the district. We further recommend the district reduce the balance of its revolving petty cash account to an amount that is more consistent with the concept of minor disbursements.